

THE SCHOOL ADMINISTRATOR

and Uniform Compliance Guidelines
ISSUED BY STATE BOARD OF ACCOUNTS

Volume 158

June 2002

ITEMS TO REMEMBER

JUNE

June 1: Prove the Fund Ledger and Ledger of Receipts for the month of May to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.

June 20: Payment for school aid bonds and coupons coming due in July must be made to civil townships by reorganized school corporations where the reorganized plan provides for such payments or where the board of school trustees has provided for such payments by resolution. (IC 20-4-1-35; IC 20-4-1-38)

Last day to report and make payment of state and county income tax withheld during May to the Department of Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, of *The School Administrator and Uniform Compliance Guidelines*.)

June 30: Close out all payroll deduction clearing accounts. Balance and close the Fund Ledger and Ledger of Receipts for the school year and reconcile with depositories. Total the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances (January 1 to June 30). Close the ledger for the school year and prove to the Fund Ledger.

School board members taking office in July, file certified copy of oath in the circuit court clerk's office of the county containing the greatest percentage of population of the school corporation. (IC 5-4-1-4)

JULY

July 1: Open a Fund Ledger and Ledger of Receipts for the next school year by entering the balance of each fund as determined and proved for June 30. Open a Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances for the next school year by entering in each program account the balance of unexpended appropriations, and by entering in each expenditure account within each program, the balance of the unexpended allotment.

July 4: Independence Day - Legal Holiday. (IC 1-1-9-1)

July 20: Last day to report and make payment of state and county income tax withheld during June to Department of Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, of *The School Administrator and Uniform Compliance Guidelines*.)

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July 31: Last day to file Federal Quarterly Report, Form 941, with the Internal Revenue Service for federal and social security taxes for the second quarter.

AUGUST

Aug 1: Prove all ledgers for the month ending July 31 as outlined for the month of June.

Aug 15: Not earlier than August 1 or later than August 15 the secretary of the board of school trustees is to publish an annual financial report, one time in accordance with IC 5-3-1-1 et seq.

Aug 20: Last day to report and make payment of state and county income tax withheld during July to Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 140, December 1997, "The School Administrator and Uniform Compliance Guidelines".)

Aug 31: Last date for the first publication of budgets (10 days prior to the public hearing). (IC 6-1.1-17-3)

NOTE: See the September "The School Administrator and Uniform Compliance Guidelines" for budget dates or call the Department of Local Government Finance at 317-232-3773.

Prior to September 1 of each year, the superintendent of each school corporation shall cause to be made to the Office of the State Fire Marshal an inspection report of all heating systems and supporting fuel lines used for school purposes. (IC 20-5-43-2)

SCHOOL BUS DRIVER CONTRACTS

When a school bus driver or fleet contractor for a public school corporation owns either the chassis or the body of the school bus or both the chassis and body of the school bus and operates under a transportation or fleet contract, IC 20-9.1-3-5 provides that the compensation for the school bus driver or the fleet contractor shall be determined, and fixed by the contract, on a per diem basis for the number of days: (a) on which the calendar of the school corporation provides that students are to be in attendance at school; (b) on which the driver is required by the school corporation to operate the bus on school related activities; and (c) on which in service training is either required by statute or authorized by the school corporation including, but not limited to, the safety meeting workshops required under IC 20-9.1-3-7.

The contract forms for school bus providers are prescribed by the State School Bus Committee and are the Driver Owned Equipment Contract for Transporting Children or the Fleet Contract for Transporting Children as applicable for a driver-owner or a fleet contractor respectively.

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CAPITAL PROJECTS FUND

The Department of Local Government Finance has published rules, regulations and a bulletin concerning Capital Project Funds all of which are considered in audits in addition to IC 21-2-15-4 which now provides "(a) A school corporation may establish a capital projects fund. (b) With respect to any facility used or to be used by the school corporation (other than a facility used or to be used primarily for interscholastic or extracurricular activities, except as provided in subsection (i)), the fund may be used to pay for the following: (1) Planned construction, repair, replacement, or remodeling. (2) Site acquisition. (3) Site development. (4) Repair, replacement, or site acquisition that is necessitated by an emergency. (c) The fund may be used to pay for the purchase, lease, repair, or maintenance of equipment to be used by the school corporation (other than vehicles to be used for any purpose and equipment to be used primarily for interscholastic or extracurricular activities, except as provided in subsection (i)). (d) The fund may be used for any of the following purposes: (1) To purchase, lease, upgrade, maintain, or repair one (1) or more of the following: (A) Computer hardware. (B) Computer software. (C) Wiring and computer networks. (D) Communication access systems used to connect with computer networks or electronic gateways. (2) To pay for the services of full-time or part-time computer maintenance employees. (3) To conduct nonrecurring inservice technology training of school employees. (4) To fund the payment of advances, together with interest on the advances, from the common school fund for educational technology programs under IC 21-1-5. (5) To fund the acquisition of any equipment or services necessary; (A) to implement the technology preparation curriculum under IC 20-10.1-5.6; (B) to participate in a program to provide educational technologies, including computers, in the homes of students (commonly referred to as 'the buddy system project') under IC 20-10.1-25, the 4R's technology program under IC 20-10.1-25, or any other program under the educational technology program described in IC 20-10.1-25; or (C) to obtain any combination of equipment or services described in clauses (A) and (B). (e) The fund may be used to purchase: (1) building sites; (2) buildings in need of renovation; (3) building materials; and (4) equipment; for the use of vocational building trades classes to construct new buildings and to remodel existing buildings. (f) The fund may be used for leasing or renting of existing real estate, excluding payments authorized under IC 21-5-11 and IC 21-5-12. (g) The fund may be used to pay for services of the school corporation employees that are bricklayers, stone masons, cement masons, tile setters, glaziers, insulation workers, asbestos removers, painters, paperhangers, drywall applicators and tapers, plasterers, pipe fitters, roofers, structural and steel workers, metal building assemblers, heating and air conditioning installers, welders, carpenters, electricians, or plumbers, as these occupations are defined in the United States Department of Labor, Employment and Training Administration, Dictionary of Occupational Titles, Fourth Edition, Revised 1991, if: (1) the employees perform construction of, renovation of, remodeling of, repair of, or maintenance on the facilities and equipment specified in subsections (b) and (c); (2) the school corporation's total annual salary and benefits paid by the school corporation to employees described in this subsection are at least six hundred thousand dollars (\$600,000); and (3) the payment of the employees described in this subsection is included as part of the proposed capital projects fund plan described in section 5(a) of this chapter. However, the number of employees that are covered by this subsection is limited to the number of employee positions described in this subsection that existed on January 1, 1993. For purposes of this subsection, maintenance does not include janitorial or comparable routine services normally provided in the daily operation of the facilities or equipment. (h) The fund may be used to pay for energy saving contracts entered into by a school corporation under IC 36-1-12.5. (i) Money from the fund may be used to pay for the construction, repair, replacement, remodeling, or maintenance of a school sports facility. However, a school corporation's expenditures in a calendar year under this subsection may not exceed five percent (5%) of the property tax revenues levied for the fund in the calendar year."

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INTERNAL CONTROL SUGGESTIONS

Requests have been received that an article containing some suggestions or recommendations for improving internal control procedures in the operation of a school corporation, including ancillary programs, be included in "The School Administrator".

We encounter two entirely different sets of circumstances which affect internal control. Multi-person offices provide an opportunity to segregate or divide duties in such a manner as to provide greater internal control. Internal control becomes more difficult to implement for small offices, particularly where one person has many duties or is the only employee in the business office.

Internal control in relation to cash receipts should have the various functions segregated such that the person that receives the cash and prepares the official receipt is not the one who enters the receipt on the records and deposits the cash in the public depository or calculates the record balance and prepares the bank reconciliation. The functions should be handled by as many different persons as feasible. Comparisons provide good control and provide for the discovery of errors or irregularities by the school corporation employees in the normal course of their duties.

Cash Receipts must be written on serially prenumbered receipt forms (with a duplicate) at the time of receipt; the cash should be counted and totaled at least daily, compared to and balanced with the total shown on the cash register tape, if used, or an adding machine tape of all receipts written. The deposit should agree with the total received during the period for which the deposit is made and payment type and amount should be clearly denoted (cash, check, money order, etc.). Post to the Ledger of Receipts and compare the total posted with the total received. Cash must be deposited no later than the next business day following the day received and should never be used to cash personal checks. Persons receiving or handling money must be properly bonded and the bond recorded with the County Recorder.

Good control in relation to cash disbursements requires the segregation of purchasing from the certification of the receipt of goods and services as well as the writing of checks and the posting of those checks to the records. The more these functions can be handled by separate persons, the better the control. Also, uncompleted check forms should not be accessible to persons other than those authorized to prepare or supervise the check writing process. All blank check forms must be serially numbered duplicate or be electronically listed in serial number sequence on an approved check register format in lieu of duplicate. Check forms should never be signed and signatures should never be applied in advance of preparation of the check. Voided or damaged check forms should be rendered non-negotiable and filed for subsequent inspection or audit. Checks should be mailed without allowing them to be returned to the persons who approved the transaction for payment.

Similar controls should be applied to other functions such as petty cash handling, payrolls (preparation and distribution), accounts receivable and payable, investments and investment income, inventories or materials, supplies, property and equipment, bonds payable, prenumbering of other processing programs and procedures. All of these areas should be controlled very carefully and the most acceptable method is through the separation of duties among personnel.

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SPREADSHEET SOFTWARE UTILIZATION TO GENERATE EXACT REPLICAS OF PRESCRIBED FORMS

The Indiana State Board of Accounts prescribes the forms to be utilized in accounting systems, but does not specify the source from which the prescribed forms must be obtained. The use of spreadsheet software may, with the current capabilities of spreadsheet software, in some instances, be an acceptable method of generating exact replicas of prescribed forms.

Spreadsheets may not be utilized to replace functionality that should be an integral function of a computerized accounting system or replace a controlled document for the entry of accounting information. Examples of controlled document type of forms include forms that are required to be either prenumbered by an outside printing supplier or numbered by the accounting system with sufficient controls to prevent unauthorized generation of the form or duplication of control numbers on the forms. These forms include receipts, checks, purchase orders and material receiving documents. Additionally, spreadsheets should not be utilized to generate control documents such as ledgers, receipt registers, check registers, outstanding check lists and similar reports.

Under no circumstances is it acceptable to implement an electronic interface from spreadsheet software directly to the information files of an accounting system without being processed through the same edit and control features as are utilized to ensure the accuracy of information entered manually into the accounting system.

Exact replicas of prescribed forms generated by spreadsheet software may be utilized for forms incidental to the computerized accounting system. Examples of these forms which might be applicable with the aforementioned requirements are: (NOTE, these forms may not be used with a spreadsheet software if the data is directly from information files of an accounting system without being processed through the same edit and control features as are utilized to ensure the accuracy of information entered manually into the accounting system.

Corporation forms

- Requisition Blank (Form 500)
- Mileage claim (Form 101)
- Treasurer's Daily Balance of Cash and Depositories (Form 361)
- Storeroom Record (Form 513)
- Bond Register (Form 53)
- Register of Investments (Form 350)
- Register of Insurance (Form 351)
- Contractor's Combination Bid Bond and Bond for Construction (Form 86)
- Contractor's Bond for Construction (Form 86A)
- Contractor's Bid for Public Work (Form 96)
- Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R)
- Authorization Agreement for Automatic Deposit (Electronic Funds Transfers Form 368)
- Application for Free Meals or Reduced Price Meals and Other Benefits (Form 521)
- Application for Free Milk and Other Benefits (Form 522)
- General Fixed Assets (Form 369)
- Transfer Tuition Statement (Form 515)

Extracurricular Forms:

- Ticket Sales Report (Form SA-4)
- Equipment Inventory (Form SF-6)
- Food Inventory (Form SF-7)
- Inventory of Rental Textbooks (Form TBR-1)

If you have any questions on the utilization of spreadsheet software to replicate a specific prescribed form, please contact Mr. Paul Gray at 317-232-2513 or by e-mail at pgray@sboa.state.in.us.

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ASSIGNMENT OF WAGES

Any assignment of the wages of an employee is valid only if all of the following conditions are satisfied in accordance with IC 22-2-6:

1. The assignment is:
 - A. in writing;
 - B. signed by the employee personally;
 - C. by its terms revocable at any time by the employee upon written notice to the employer; and
 - D. agreed to in writing by the employer.
2. An executed copy of the assignment is delivered to the employer within ten (10) days after its execution.

Some of the purposes for which paying a wage assignment may be made include the following:

1. Pledge or contribution of the employee to a charitable or nonprofit organization.
2. Purchase price of bonds or securities, issued or guaranteed by the United States.
3. Dues to become owing by the employee to a labor organization of which the employee is a member.
4. Contributions, assessments, or dues of the employee to a hospital service or a surgical or medical expense plan or to an employees' association, trust, or plan existing for the purpose of paying pensions or other benefits to said employee or to others designated by the employee.
5. Payment to any credit union, nonprofit organizations, or associations of employees of such employer organized under any law of this state or of the United States.
6. Payment to any person or organization regulated under the Uniform Consumer Credit Code (IC 24-4.5) for deposit or credit to the employee's account by electronic transfer or as otherwise designated by the employee.
7. Premiums on policies of insurance and annuities purchased by the employee on the employee's life.
8. A judgment owed by the employee if the payment:
 - A. is made in accordance with an agreement between the employee and the creditor; and
 - B. is not a garnishment under IC 34-25-3.

**APPLICATION FOR FREE OR REDUCED PRICE MEALS AND OTHER BENEFITS,
SCHOOL FORM 521, (Revised 2002); APPLICATION FOR FREE MILK AND OTHER BENEFITS,
SCHOOL FORM NO. 522, (Revised 2002)**

The Application for Free or Reduced Price Meals and Other Benefits, School Form Number 521 and School Form Number 522, Application for Free Milk and Other Benefits have been revised by the Indiana Department of Education, Division of School and Community Nutrition Programs.

TRANSFER TUITION STATEMENT, SCHOOL FORM 515 (REVISED 2002)

The Transfer Tuition Statement, School Form 515 has been revised in accordance with Public Law 111 of 2002 and sent to all public printer suppliers.